

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -FEBRUARY 19, 2008- -7:30 P.M.

Mayor Johnson convened the Regular City Council Meeting at 7:48 p.m. Councilmember deHaan led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers deHaan, Gilmore, Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

AGENDA CHANGES

(08-069) Mayor Johnson announced that the Special Orders of the Day items [paragraph nos. 08-070, 08-071 and 08-072] and the Resolution of Appointment [paragraph no. 08-073] would be heard before the Special Joint Meeting.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

(08-070) Presentation of Resolution from Senator Perata and Assemblymember Swanson recognizing Alameda Power and Telecom (AP&T).

Rachel Weinstein, District Director of the Offices of Senate President Pro Tem Don Perata, and Carol Jones, District Director of the Offices of Assemblymember Sandre Swanson, read and presented the proclamation to Council.

Ann McCormick, Public Utilities Board Chair, stated AP&T appreciates the recognition.

(08-071) Proclamation commending NRC Environmental Services, Inc. for the assistance provided in the clean-up of the oil spill in the San Francisco Bay.

Mayor Johnson read and presented the proclamation to Todd Roloff and Kevin Krause with NRC Environmental Services, Inc.

Councilmember deHaan inquired whether NRC Environmental Services was the central staging location for the entire Bay Area.

Mr. Roloff responded in the affirmative; stated over 500 people worked on the clean-up.

(08-072) Proclamation declaring March 7 through April 19, 2008 as the period for the first "Across the Pages: an Alameda Community Reads" Program.

Mayor Johnson read and presented the proclamation to Annemarie Meyer, Supervising Librarian - Adult Services.

Ms. Meyer presented books to Council.

REGULAR AGENDA ITEM

(08-073) Resolution No. 14184, "Appointing Ching-Ching Ganley as a Member of the Housing Commission." Adopted.

Councilmember Matarrese moved adoption of the resolution.

Councilmember Gilmore seconded the motion, which carried by unanimous voice vote - 5.

The City Clerk administered the Oath and presented a certificate of appointment to Ms. Ganley.

Mayor Johnson called a recess at 8:00 p.m. to hold the Special Joint City Council, Alameda Reuse and Redevelopment Authority, and Community Improvement Commission Meeting and reconvened the Regular City Council meeting at 9:37 p.m.

CONSENT CALENDAR

Mayor Johnson announced that the Resolution Authorizing the Open Market Purchase [paragraph no. 08-081] was removed from the Consent Calendar for discussion.

Vice Mayor Tam moved approval of the remainder of the Consent Calendar.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*08-074) Minutes of the Special City Council Meeting, the Special Joint City Council and Housing Authority Board of Commissioners Meeting, and the Regular City Council Meeting held on February 5, 2008; and the Special Joint City Council and Social Service Human Relations Board Meeting held on February 6, 2008. Approved.

(*08-075) Ratified bills in the amount of \$1,504,042.21.

(*08-076) Recommendation to accept the Quarterly Investment Report

for the Period Ending December 31, 2007. Accepted.

(*08-077) Recommendation to accept the work of Gallagher & Burk for the repair and resurfacing of certain streets, Phase 27, No. P.W. 04-07-17. Accepted.

(*08-078) Recommendation to adopt Plans and Specifications and authorize Call for Bids for bids for Janitorial Services in City buildings, No. P.W. 01-08-01. Accepted.

(*08-079) Recommendation to adopt Plans and Specifications and authorize Call for Bids for landscape maintenance of median strips and special areas, No. P. W. 01-08-02. Accepted.

(*08-080) Recommendation to accept the work of McNabb Construction, Inc., for Godfrey Park Playfield Renovations, No. P.W. 03-07-06. Accepted.

(08-081) Adoption of Resolution Authorizing the Open Market Purchase of One Hybrid Fire Command Vehicle from Good Chevrolet, Alameda, in an Amount Not to Exceed \$50,160 and the Purchase of Ancillary Emergency and Support Equipment Through the Competitive Quote Process in an Amount Not to Exceed \$51,750 for a Total Amount Not to Exceed \$101,910. Not adopted.

Councilmember deHaan inquired whether the vehicle is in its first production run, to which the Fire Chief responded in the affirmative.

Councilmember deHaan stated the Tahoe Hybrid would replace a Suburban; requested an explanation of the Suburban's usage.

The Fire Chief responded the Suburban is the one and only command vehicle used by the on-duty Division Chief; the vehicle is in service 24 hours a day, 365 days a year and is equipped as a command vehicle; the Division Chief is in command of incidents in the City and responds to all fires and incidents involving more than two units; the vehicle has all emergency equipment, such as warning lights and sirens, and a lot of communication equipment.

Councilmember deHaan questioned the capacity need; stated the command vehicle has a higher percentage of communication equipment; the difference between the size of the vehicles is of concern.

The Fire Chief responded the Tahoe Hybrid is smaller than the ¾ ton Suburban; the Suburban is a longer, larger capacity vehicle than the ½ ton Tahoe which has a shorter, smaller storage capacity; the size of the Suburban works better, however, a hybrid was selected

to comply with City policies.

Councilmember deHaan inquired whether the smaller capacity would be acceptable, to which the Fire Chief responded some of the equipment would be moved to other vehicles; the changes would be accommodated in the interest of moving into a hybrid.

Councilmember deHaan inquired whether other hybrids were considered, to which the Fire Chief responded there are not any other large enough hybrid vehicles on the market.

Vice Mayor Tam stated in the climate of belt tightening and cost containment, the vehicle is \$12,000 more than originally budgeted; when comparing hybrids, purchasing a Toyota Highlander or Mercury Hybrid could save \$12,000 and capacity would be very similar; inquired what is unique about the Tahoe Hybrid that cannot be accommodated by another less expensive hybrid.

The Fire Chief responded all are considerably smaller than the Suburban and Tahoe.

Vice Mayor Tam noted that the Tahoe gets 20 miles per gallon, while the Highlander gets closer to 30 miles per gallon.

Councilmember Matarrese questioned whether the vehicle needs to be purchased now; inquired whether there is a back up vehicle which results in two command vehicles.

The Fire Chief responded in the affirmative.

Councilmember Matarrese inquired whether the vehicle is falling apart, to which the Fire Chief responded in the negative.

Councilmember Matarrese inquired whether or not the vehicle carries fire-fighting equipment, to which the Fire Chief responded it does not.

Councilmember Matarrese inquired what risk is run if the purchase is put off for a year.

The Fire Chief responded the Suburban is a 1995 vehicle that was due for replacement in 2005; the purchase has been deferred for three years; the cost of a vehicle will increase next year; there is risk of the Suburban needing a major repair since it has 100,000 miles; repair could cost more than the vehicles sale value.

Councilmember Matarrese stated the City does not have big calls 24-7; inquired whether people use to the car to drive around.

The Fire Chief responded in the negative; stated there are big calls 24-7; the vehicle is not used just to ride around; the Incident Commander uses the vehicle to go to Fire Stations to meet with Captains.

In response to Councilmember Matarrese's inquiry regarding cargo capacity, Vice Mayor Tam stated the cargo capacity of the Tahoe is 109 cubic feet, while the Highlander is 94 cubic feet; the towing capacity differs greatly; inquired whether capacity is needed for communication equipment or engine size.

The Fire Chief responded the vehicle is not needed for towing; cargo capacity is critical.

Councilmember deHaan stated purchasing from Toyota would also be buying local; since the Toyota is built in the States, there is no concern over government purchase of a foreign product; there is almost the same capacity with greater fuel efficiency; inquired whether the purchase could be deferred because these are trying times for the budget.

The Fire Chief responded funding is from the vehicle replacement fund; deferring the purchase compounds the problem because other vehicles are due for replacement next year.

Councilmember deHaan stated the funding is from the General Fund.

The City Manager stated equipment replacement funding ultimately comes from the General Fund; the vehicle was identified in the budget process as one that would be replaced; purchasing a Suburban was an option; staff came up with the hybrid recommendation, rather than replacing the vehicle with a Suburban.

Mayor Johnson inquired whether the current equipment could be reused on the new vehicle.

The Fire Chief responded some of the equipment will be transitioned over, such as the computer; most of the equipment has to be built for the vehicle, such as the light bars; noted the current back up vehicle is a cargo van that the City got from the Navy; both vehicles are at their life's end.

Councilmember Matarrese stated there would not be a discussion if the vehicle were a patrol car, ambulance or fire truck that goes and delivers direct service.

The Fire Chief stated the vehicle does so; the Incident Commander

must get to the scene.

Councilmember Matarrese stated Council is seeking alternatives ways that are cheaper; inquired what risks are run if the purchase is deferred for a year.

The Fire Chief responded the cost remains next year and becomes compounded with the purchase of other vehicles; the cost will be greater next year; the Suburban has 100,000 miles and could require expensive repair.

Councilmember Gilmore stated the Tahoe has not been put into service for the intended use; the staff report indicates the vehicle has been tested; inquired what type of testing has been done.

The Fire Chief responded street tests have been done by consumer groups, but have not been specific to fire service use.

Councilmember Gilmore stated some equipment will not be on the new vehicle; inquired what is the minimum capacity needed for the new vehicle and whether the capacity could be met by other hybrids.

The Fire Chief responded the Highlander was not considered, but could be reviewed; that he is not aware of other fire departments using Highlanders; both the Suburban and Tahoe are used for fire service and stand up to the required type of service.

Councilmember Gilmore inquired whether only the makes currently used in fire service were reviewed, rather than reviewing all hybrids.

The Fire Chief responded in the affirmative; stated that he does not know whether the cargo capacity configuration of the other hybrids would meet the Fire Department's needs.

The City Manager stated in order to receive the vehicle during the current fiscal year the City must complete the purchase by February 22; further research would preclude the vehicle from being purchased in the current fiscal year.

Vice Mayor Tam stated the vehicle needs to be replaced, however, she is not convinced that the capacity of the Tahoe is needed; as technology improves, communication equipment becomes more compact and multifunctional; options should be explored.

Mayor Johnson stated that she appreciates the staff effort to purchase a hybrid; the vehicle will last 10 to 13 years and buying

a strictly gas-powered vehicle would be a mistake.

Councilmember Matarrese stated that he appreciates staff following the policy to move toward alternative vehicles where practical; he also appreciates the capacity information brought up by Vice Mayor Tam; Councilmember deHaan noted that the Tahoe is in the first year of production; the Toyota has been in production for several years; that he is leery of buying the first run off the production line.

Councilmember Gilmore stated that she concurs with Councilmember Tam about the vehicle needing to be replaced; she is pleased staff spent time to select a hybrid; inquired how long the purchase would be pushed back, a calendar or fiscal year.

The Fire Chief responded a calendar year.

Councilmember Gilmore inquired whether the purchase of a different hybrid would have to be a special order; inquired whether the base vehicle is ordered and then equipment is added.

The Fire Chief responded the vehicle is ordered from the dealer and a separate vendor adds the equipment.

Councilmember Gilmore inquired whether the Tahoe is special order because it is new or if all Fire vehicles are special orders.

The Fire Chief responded the department tries to purchase most vehicles off of the State bid; hybrids are very limited on the State bid; specifications, including breaking and suspension needs, are prepared for the purchase of all Fire vehicles; the specifications of other hybrid vehicles will be reviewed.

Councilmember Gilmore inquired whether a Highlander would be purchased off the lot or special order, to which the Fire Chief responded it would probably be a special order.

Councilmember Gilmore inquired the method used to purchase the Suburban to which the Fire Chief responded another department's bid was going to be used; the purchase would have been a special order.

The City Manager outlined the processes used to purchase vehicles.

Councilmember Gilmore inquired whether or not there is a forecast as to how long it could take to find a replacement vehicle if the window of opportunity is missed for the Tahoe.

The Fire Chief responded the Suburban could be ordered anytime; the Highlander needs to be researched.

Mayor Johnson inquired what are the plans for the reserve vehicle, to which the Fire Chief responded the 1988 van would be considered surplus and sold once a new vehicle is purchased; the current Suburban would become the reserve vehicle.

Councilmember deHaan stated that he is pleased the Highlander will be considered because it is 30% more fuel efficient, which would provide a real cost savings.

Councilmember Gilmore inquired whether the Tahoe would have a special warranty or a regular, new car warranty, to which the Fire Chief responded a regular, new car warranty.

Mayor Johnson stated adding \$50,000 of equipment would be of concern in case the vehicle turned out to be a lemon.

Councilmember deHaan stated that he is not sure whether the equipment will work on a Toyota; the information needs to be reviewed.

Councilmember Matarrese moved approval of directing the City Manager to work with the Fire Chief and Public Works Director to explore alternatives to the Tahoe Hybrid, which include, but are not limited to, other vehicles in the same class, such as the Toyota Highlander and Ford Escape, and bring back a proposal.

Councilmember deHaan stated considering longevity is important.

Councilmember deHaan seconded the motion, which carried by unanimous voice vote - 5.

Vice Mayor Tam noted that she was not trying to focus on the Toyota Highlander or take apart the issue, however, she wants to instill the message that the Council is very serious about cost containment and exploring all options.

REGULAR AGENDA ITEMS

(08-082) Recommendation to receive report on the Animal Shelter.

The Police Chief gave a brief presentation.

Mayor Johnson stated a past problem was people did not understand the policies and procedures; inquired whether the policies and procedures would be posted on the City's website and made available to the public.

The Police Chief responded the suggestion could be reviewed; the policies and procedures are available at the Shelter; all volunteers that have gone through the training will have reviewed the manual, have access to it and will be held accountable to the practices in place; a kiosk will be placed in the Library to help with adoptions and further information sharing.

Mayor Johnson stated more information should be on the website; inquired whether pictures of lost animals would be posted on a website.

The Police Chief responded pictures are on a website now.

Vice Mayor Tam stated private donations were received to install a closed circuit television system which will increase security and site monitoring; inquired whether the kiosk at the library would tie into the closed circuit system to allow people to see animals at the shelter in real time.

The Police Chief responded in the negative; stated the security system is for staff to monitor volunteer activities and help with break ins; the kiosk at the Library is a marketing tool to allow people to see animals that are available.

Vice Mayor Tam inquired about the management software, to which the Police Chief responded the software would automate management and reporting, which was previously done via card file.

Councilmember deHaan stated the dog walking issue became more important; inquired whether hiring the volunteer coordinator has brought the appropriate level recommended by the Humane Society; inquired whether dogs are being walked on a daily basis.

The Police Chief responded more volunteers are always being sought; dogs are being walked regularly; there are a number of issues, such as quarantined dogs cannot be walked; dogs available to walk have been walked all but three days this year.

Councilmember deHaan stated the review makes a better overall operation.

Councilmember Matarrese moved approval of accepting the report.

Councilmember deHaan seconded the motion, which carried by unanimous vote - 5.

(08-083) Resolution No. 14185, "Opposing the Governor's Proposed Reductions in Funding for Schools." Adopted.

The Deputy City Manager gave a brief presentation.

Councilmember Matarrese inquired the date that the School District has to notify its employees, to which the Deputy City Manager responded March 15.

Councilmember Matarrese stated the District has to give notices before knowing its budget situation; it is important that the Council weigh in on the issue and send a message as a governing body; the health of City is dependent on the health the School District in some ways.

Vice Mayor Tam stated Council should oppose any funding cuts; the School District is having an advocacy day on February 27 and is requesting the support of elected officials.

Councilmember deHaan stated the Superintendent sent a letter outlining a myriad of cuts; the quality of schools is one thing that brings people to Alameda; the Superintendent is proposing an emergency parcel tax; the district tried not to go to the voters for the last two years.

Councilmember Matarrese moved adoption of the resolution.

Vice Mayor Tam seconded the motion.

Under discussion, Mayor Johnson stated the letter should include examples the School District cuts over the last two years; last year, the middle school athletics program was cut citywide; that she does not know where \$4 million in cuts will be found.

Councilmember Matarrese stated the School Board reviewed closing a middle school and an elementary school and moving the Island High campus; effectively closing three schools and the layoff of around 50 teachers only cuts \$2.3 million from the budget.

Mayor Johnson stated examples like that make what School Districts are facing more real.

Councilmember deHaan stated the Council and School District had a joint session last year; the City spends around \$700,000 to support the schools; the City does many things to support schools; the City is dealing with its own economic concerns, but has not jeopardized programs, such as crossing guards.

On the call for the question, the motion carried by unanimous voice vote - 5.

ORAL COMMUNICATIONS, NON-AGENDA

(08-084) Bill Smith discussed smoking regulations.

(08-085) Ken Peterson, Alameda, submitted a letter; discussed issues facing the world.

COUNCIL REFERRALS

None.

COUNCIL COMMUNICATIONS

(08-086) Consideration of Mayor's nominations for appointment to the Recreation and Park Commission. Continued.

(08-087) Councilmember Gilmore stated that she and Vice Mayor Tam attended a memorial service for Ikhinkhorloo "Iko" Bayarsaikhan yesterday at Washington Park; a number of Police Officers and various City Department Heads attended the ceremony; a token of the family's gratitude was presented.

Vice Mayor Tam stated the ceremony was for a bench dedication and plaque presentation in celebration of Iko's sixteenth birthday.

Councilmember Gilmore and Vice Mayor Tam unveiled the art.

Mayor Johnson requested that the City prepare a plaque explaining the art.

(08-088) Councilmember Matarrese noted the passing of Lois Hanna; stated Ms. Hanna was a staunch believer in the new Main Library.

ADJOURNMENT

(08-089) There being no further business, Mayor Johnson adjourned the Regular Meeting at 10:41 p.m. in a moment of silence in honor of Lois Hanna.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -FEBRUARY 19, 2008- -6:30 P.M.

Mayor/Chair Johnson convened the Special Meeting at 6:35 p.m.

ROLL CALL - Present: Councilmembers/Commissioners deHaan,
Gilmore, Matarrese, Tam, and Mayor/Chair
Johnson - 5.

Absent: None.

The Special Meeting was adjourned to Closed Session to consider:

(08-065 CC) Conference with Labor Negotiators; Agency Negotiators:
Craig Jory and Human Resources Director; Employee Organizations:
All Public Safety Bargaining Units.

(08-066 CC/08-09 CIC) Conference with Real Property Negotiators;
Property: 555 Ralph Appezato Memorial Parkway (APN Number: Portion
of 074-0905-06-2, Portion of 074-0905-07-2); Negotiating parties:
CIC/City of Alameda and Peralta Community College District; Under
negotiation: Price and terms.

Following the Closed Session, the Special Meeting was reconvened
and Mayor/Chair Johnson announced that regarding Labor, Council
received an update on public safety negotiations; no action was
taken; regarding Real Property, Council and the Commission received
an update regarding potential acquisition of real property needed
to complete the proposed Stargell Avenue extension and provided
direction to Real Property Negotiators.

Adjournment

There being no further business, Mayor/Chair Johnson adjourned the
Special Meeting at 7:35 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown
Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL,
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY (ARRA), AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -FEBRUARY 19, 2008- -7:25 P.M.

Mayor/Chair Johnson convened the Special Meeting at 8:00 p.m.

ROLL CALL - Present: Councilmembers/Board Members/Commissioners
deHaan, Gilmore, Matarrese, Tam, and
Mayor/Chair Johnson - 5.

Absent: None.

SPECIAL ORDERS OF THE DAY

(08-10 CIC) Update on the Alameda Theater, Cineplex, and Parking Structure Project.

The Redevelopment Manager gave a brief presentation.

Chair Johnson stated the marquee panels look very good and almost like new.

The Redevelopment Manager stated differentiating between the new and restored panels is difficult.

Commissioner Matarrese inquired whether options would be provided for softening the look of the parking structure's northern elevation.

The Redevelopment Manager responded staff recommends maintaining the contingency until the Theater project is closed out; stated staff is working with an architect on options and pricing.

Commissioner Matarrese requested an update on the Central Avenue bike lane and parallel parking.

The Redevelopment Manager stated diagonal parking has been converted to parallel parking in front of the Central Avenue School District offices in order to facilitate a bike route, which is part of the General Plan.

Commissioner Matarrese congratulated staff for completing the parallel parking.

Commissioner deHaan inquired whether monthly parking passes have

been successful.

The Redevelopment Manager responded flyers were sent to local businesses in the area; stated plans are to advertise in the Park Street Business Association and Chamber of Commerce newsletters; all spaces have not been reserved; more marketing will be done.

Commissioner deHaan inquired where are the monthly parking spaces.

The Redevelopment Manager responded approximately 40 spaces are restricted to the roof for local business monthly parking; stated expanding the monthly parking spaces to other levels might make sense.

Commissioner deHaan stated the public needs to understand that parking is free after 5:00 p.m.

Chair Johnson stated parking is also free on Sunday.

The Redevelopment Manager stated the increased on-street parking rates would also help.

Chair Johnson stated enforcement should help; people are not used to going down Oak Street.

The Redevelopment Manager stated better marketing would inform people that the parking garage is open even though half of Oak Street is closed.

Commissioner Tam stated that she appreciates that the leak was discovered early; the remaining Theater contingency is \$2,777; the remaining garage contingency is \$31,000; the original amount of the [parking garage] contingency was \$415,000; \$604,000 in value engineering was taken out; additional expenditures were covered by interest from loans; inquired whether overages would be covered by interest or contingency.

The Redevelopment Manager responded \$55,000 is budgeted for the leakage within the current contingency; pending change orders might come back at a higher price; the \$31,000 garage contingency should be enough to cover the eastern elevation leakage; the interest from the Housing and Urban Development (HUD) loan has not been committed to anything else; \$62,000 was committed from the Cineplex interest income in December; an additional \$12,000 available.

Commissioner Tam inquired whether there would be an assessment of

available funding for such things as the northern elevation and planting at the end of the fiscal year.

The Redevelopment Manager responded she would like to wait until the Theater project is closed out and all liabilities have been addressed; stated the money might be needed for outstanding litigation.

Commissioner Tam inquired whether redevelopment funds specifically earmarked for projects cannot be used for the General Fund, to which the Redevelopment Manager responded in the affirmative.

Commissioner deHaan inquired whether the Theater roofing is in fairly good condition.

The Redevelopment Manager responded in the affirmative; stated the leaking is from cracks in the sidewall; water tests have been done on the roof; flashing was added.

Chair Johnson inquired whether the western elevation has any leaks.

The Redevelopment Manager responded the western elevation has no visible leaks; stated conditions may arise in the future; reserves are being set aside to address issues that may arise in the next three to five years.

Chair Johnson stated the matter could be reviewed if contingency is left over.

Commissioner Matarrese inquired whether Theater funds and any remaining funds are not General Fund or revenue sources but are restricted by law to use on redevelopment projects.

The Development Services Director responded the majority of the Historic Theater funding was all bond money and must go to the project along with interest; Section 108 money was used for most of the garage construction; the land was bought with redevelopment money; Section 108 interest income cannot be used for a non-HUD eligible economic development project.

MINUTES

(08-11 CIC) Minutes of the Special Community Improvement Commission Meeting of January 15, 2008. Approved.

Commissioner deHaan moved approval of the minutes.

Commissioner Tam seconded the motion, which carried by unanimous voice vote - 5.

AGENDA ITEMS

(08-072 CC/08-12 CIC) Recommendation to accept the Quarterly Financial Report for the period ending December 31, 2007.

The Finance Director gave a Power Point presentation.

Mayor/Chair Johnson inquired whether retiree medical costs are 2% [of the budget]; stated the City is not fully funding the benefit now.

The Finance Director responded the 2% represents the current payment for retirees.

Mayor/Chair Johnson stated the amount could be much larger once true obligations are addressed.

Councilmember/Board Member/Commissioner deHaan inquired whether the overall operational budget is \$236 million, to which the Finance Director responded in the affirmative.

Councilmember/Board Member/Commissioner Gilmore stated the \$4 million [in lost revenue] is for the current fiscal year ending in June; the economic forecast through 2009 continues on the same path; the \$4 million gap needs to be closed by the end of June; there will be some type of gap in the next two-year budget cycle.

The Finance Director stated the first year is predicted to have some type of gap.

Vice Mayor/Board Member/Commissioner Tam commended staff for being ahead of the curve and reviewing ways to reduce expenditures by \$3 million in anticipation of the \$4 million deficit; \$1.4 million was spent on the Beltline litigation; the money was moved from the General Fund to the Risk Management fund; inquired whether the Risk Management fund comes out of the reserves.

The Finance Director responded Risk Management is funded by allocations from various funds, including the General Fund, which is the biggest contributor.

Vice Mayor/Board Member/Commissioner Tam stated the City cannot

anticipate litigation costs; the Beltline litigation ended up costing more than the parcel cost; reserve funding is needed for prospective issues; the City directly controls the Utility Users Tax; inquired whether other revenue sources are controlled by the City.

The Finance Director responded the Property Transfer Tax; stated a vote would be required to increase the tax.

Vice Mayor/Board Member/Commissioner Tam inquired whether focusing on the Property Tax would result in the biggest bang for the buck.

The Finance Director responded an increase in the Property Transfer Tax would require a two-thirds vote; stated currently the City charges \$5.40 per \$1,000 and is next to the last of the Charter cities.

Mayor/Chair Johnson requested clarification on the value of the Beltline property versus cost of litigation.

The City Attorney/Legal Counsel stated the result of the litigation is that the City will pay a little under \$1 million for the property; the Beltline estimates the property value between \$30 and \$40 million.

Councilmember/Board Member/Commissioner deHaan inquired whether the litigation costs were coming out of the General Fund initially.

The Finance Director responded said costs were paid out of the Risk Management fund; the Risk Management fund needed to be backfilled from the General Fund.

Councilmember/Board Member/Commission deHaan inquired whether the \$1.4 million cost occurred over the last several years, to which the Finance Director responded in the affirmative.

Vice Mayor/Board Member/Commissioner Tam stated the third recommendation is to undertake a thoughtful, structural realignment for Fiscal Year 2008-2009; inquired whether the second half of the fiscal year would require dipping into reserves to cover the deficit, to which the Finance Director responded in the affirmative.

Councilmember/Board Member/Commissioner Matarrese inquired what would be the risk in deferring the Lincoln Park project.

The Public Works Director responded the Recreation and Park Department thought that the risk would be minimal; stated the project would be deferred to July 1, 2008.

Mayor/Chair Johnson inquired whether deferring the project to next year would create a domino affect.

The Public Works Director responded possibly; stated efforts will be made to continue to look for grants.

Councilmember/Board Member/Commissioner Matarrese stated that he is always hesitant to defer Capital Improvement Projects because costs increase down the road; he would like to have the Lincoln Park project reviewed very carefully.

Councilmember/Board Member/Commissioner deHaan inquired what is the project cost [Lincoln Park], to which the Public Works Director responded \$300,000.

Councilmember/Board Member/Commissioner Matarrese inquired whether the fund balance is commonly called the reserves, to which the Finance Director responded the fund balance is the City's reserves.

Councilmember/Board Member/Commissioner Matarrese requested information on the Emergency Medical Response (EMS) Tax; inquired whether said tax would be a way to gain revenue.

The Finance Director responded possibly; stated that she does not have all the facts; information would be provided; she does not know when the advisory vote was taken; Alameda is the only City in the County that does not assess the tax.

Mayor/Chair Johnson inquired how long the Lincoln Park project would take, to which the City Engineer responded design would take approximately six to nine months.

Mayor/Chair Johnson responded the length of time is a problem because Alameda High School uses the area as its home baseball field; the field needs to be done by December.

The Public Works Director stated one option could be to fund the design now; construction costs could be moved to next year.

Mayor/Chair Johnson requested that staff check with the High School regarding the baseball schedule.

Councilmember/Board Member/Commissioner Matarrese stated deferment of any capital improvement project should be reviewed very carefully from a policy standpoint because continued deterioration causes costs to increase.

Mayor/Chair Johnson stated there is not a real reserve because of the millions of dollars in public safety retirement health benefit obligations, and deferred street, sidewalk, park, and building maintenance; the money could be spent on very critical City needs in a second and is not fun money.

Councilmember/Board Member/Commissioner deHaan requested background on the reserves accumulation and the erosion over the last two to three years.

The Finance Director stated the reserve levels were adopted and codified in a 1997 document addressing financial policies; in 1989, a motion adopted that reserves be 25% of operating expenditures for economic uncertainties; the fund balance was approximately 27% in 2004-2005; portions have been used to fund: 1) deferred street, sidewalk, and tree maintenance; 2) playing fields; and 3) the Beltline litigation; a small portion of expenditure savings were contributed at the end of last year.

Councilmember/Board Member/Commissioner deHaan inquired what is the current reserve level.

The Finance Director responded the forecast indicates the reserve will be at 17% at the end of the fiscal year.

Councilmember/Board Member/Commissioner deHaan stated the concern is how much of the reserve is liquid.

The Finance Director responded \$5.9 million of the \$15 million is loaned out to the Alameda Public Improvement Corporation, Community Improvement Commission, and Alameda Power and Telecom, and \$400,000 has been designated for fire station replacement.

Councilmember/Board Member/Commissioner deHaan inquired what is the amount of deferred street maintenance; stated the estimate was approximately \$31 million at one time.

The Public Works Director responded \$12 million is identified for street resurfacing; \$100 million is identified for all of the various infrastructures.

Councilmember/Board Member/Commissioner deHaan stated costs go up; using reserves for deferred maintenance is important; pension and severance pay is another issue.

The Finance Director stated that employees are entitled to accrued vacation payout upon retirement; the amount can be substantial; vacation payout amounted to \$200,000 this fiscal year.

In response to Councilmember/Board Member/Commissioner deHaan's inquiry regarding operational savings, the Finance Director stated there is a savings of approximately \$1.5 in Capital Improvement Projects and \$1.5 in operating expenditures.

Councilmember/Board Member/Commissioner deHaan stated that he does not see any upswing or leveling at the end of 2009; the City of Vallejo is considering bankruptcy and is the first city in California to consider such a thing; stated today's phenomenon is different from 2003.

The Finance Director stated the 2003 phenomenon was industry driven, today's is home sale driven; plans need to be made for a very thoughtful and strategic 2009 budget.

Councilmember/Board Member/Commissioner Gilmore thanked staff for the presentation; stated best efforts have been made in forecasting the unknown; the State's budget has not passed and may not pass until fall; what is known now may change dramatically because the City is dependent on what the State does to balance its budget.

The Finance Director stated one more chance to input new information will be available when the Governor presents the May revise; the City could feel a little more home free if a fiscal emergency is not declared.

The City Manager/Executive Director stated the City constantly receives feedback from the League of California Cities; information will be received before the May revise.

Councilmember/Board Member/Commissioner Matarrese inquired what projects are not being done because funds are being shifted to close the \$5 million gap, to which the Finance Director responded different banks are being used; Proposition 1B money would be used for the Pavement Management Plan rather than General Fund money.

Councilmember/Board Member/Commissioner Matarrese inquired whether Proposition 1B money was to be used for something else before shift

happened, to which the Finance Director responded street paving.

Councilmember/Board Member/Commissioner Matarrese stated things are still being deferred; inquired whether Proposition 1B money is being shifted into a project that would reduce the street maintenance deficit.

The Public Works Director responded in the affirmative; stated staff is looking for other funding sources; more street improvements could be completed if General Fund money were used in addition to Proposition 1B money.

Councilmember/Board Member/Commissioner Matarrese stated that he wants to make sure that the public does not get the impression that everything is all right; no one is talking about the federal deficit; the School District is suffering more than the City.

Mayor/Chair Johnson stated a specific list needs to be provided outlining things that are not being done.

Councilmember/Board Member/Commissioner deHaan stated the real concern is where the City is going from here; playing with a good estimate of what the cuts will be is important; he does not want to wait until June to receive feedback; he wants to feel comfortable in knowing what initiatives Council needs to take.

The Finance Director stated the City Manager/Executive Director will lead a team of Department Heads in reviewing and gathering revenue enhancement ideas to bring to Council in a workshop setting; the expenditure side of the ledger will be reviewed also to determine what level of expenditure can be tolerated; she will have a better idea of property tax revenues on March 19.

Mayor/Chair Johnson stated departments have been requested to review cuts through the end of the fiscal year; inquired how much departments are asked to trim.

The Finance Director responded 1.5%; stated some departments are able to do more; reductions totaled \$1.5 million.

Mayor/Chair Johnson inquired how the cuts were made.

The Finance Director responded through a strategic hiring freeze and supply and service reductions.

Councilmember/Board Member/Commissioner deHaan inquired what is the

timeline on the budget.

The City Manager/Executive Director responded potential revenue sources will be reviewed and presented at a workshop discussion in March or April; stated each department's budget is being reviewed; information needs to be gathered on property tax issues; there could be additional impacts.

Councilmember/Board Member/Commissioner deHaan stated the City is not at the point of considering a moratorium on spending yet.

Vice Mayor/Board Member/Commissioner Tam stated the issue becomes a push pull situation regarding not filling positions; public safety overtime costs are expected to be \$350,000; the work still needs to be done and the public needs to be provided with safety comfort; recognizing the obligation to protect the health and safety of residents is important.

Councilmember/Board Member/Commissioner deHaan stated that he hopes that the City does not get to that point [moratorium on spending].

Mayor/Chair Johnson stated the public needs to understand the situation; the City cannot run on a deficit budget; the situation is going to be longer term; choices are to increase revenues or determine what services are affordable; she wishes that there were more people here tonight; the budget needs to be balanced by \$4 million in the next four months; the community will have serious choices to make.

Councilmember/Board Member/Commissioner Matarrese moved approval of the staff recommendation.

Councilmember/Board Member/Commissioner Matarrese inquired whether a single-year budget could be done, to which the Finance Director responded a budget and a plan are done; the second year would not be adopted until next June.

Councilmember/Board Member/Commissioner deHaan stated the real focus has been the General Fund; two-thirds of the budget is not being discussed tonight; redevelopment and transportation funds could be impacted.

The Finance Director stated redevelopment funds could be impacted if assessed values decline due to the County Appeals Board grants appeals, which lead to less tax increment for redevelopment.

Vice Mayor/Board Member/Commissioner Tam seconded the motion.

Under discussion, Councilmember/Board Member/Commissioner deHaan stated that balancing is being done at the expense of the General Fund reserve.

The Finance Director stated revenues were reduced by \$4 million; expenditure reductions totaled \$3 million; the difference will be funded by the General Fund reserve; money that is not spent at the end of the year would go into the General Fund reserve.

On the call for the question, the motion carried by unanimous voice vote - 5.

(08-073 CC) Recommendation to accept the Quarterly Sales Tax Report for the period ending September 30, 2007.

The Finance Director gave a brief presentation.

Mayor Johnson requested that sales tax figures be posted to the website; stated services are hurt by the fact that residents spend money outside of Alameda.

The Finance Director stated the per-capita comparison can be posted to the website.

Mayor Johnson questioned how much more money would be generated if Alameda had a per-capita similar to the City of Fremont.

The Finance Director stated sales tax revenue would double and provide \$4 million.

Councilmember Gilmore stated \$4 million is the amount of the gap.

Mayor Johnson stated Development Services has enabled the City to stay even; the City will lose most of the auto sales tax.

The Finance Director stated hopefully new businesses will replace the loss.

Councilmember deHaan stated the third quarter had \$1.3 million in sales tax revenue; the City is on the verge of bringing in more retail; the Alameda Towne Centre is approximately 60% filled; there will not be a lot of change; retail is taking the biggest [economic] hit; looking toward the future is important.

The Finance Director stated the fourth quarter may be something entirely different.

Councilmember Matarrese moved approval of the staff recommendation.

Councilmember Gilmore seconded the motion, which carried by unanimous voice vote - 5.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the Special Joint Meeting at 9:37 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.